

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 20-0290588**

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**IN RE: P-5 ORGANIZATION REPORT OF MILESTONE OPERATING, INC.**

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**FINAL ORDER**

The Commission finds that after notice and an opportunity for hearing regarding the captioned matter, the Operator failed to request a hearing and pay the hearing fee as required by 16 TEX. ADMIN. CODE §3.15(g)(4) and TEX. NAT. RES. CODE §89.022(f). This matter having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. Milestone Operating, Inc. [Operator #567103] (the "Operator"), is the record operator or one or more inactive wells in the State of Texas and is required to file Organization Report (Form P-5) with the Commission. Operator's most recent P-5 was due on or before March 1, 2014.
2. After filing its most recent Organization Report (Form P-5) with the Commission, the Operator was notified they were deficient and had failed to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 (Surface Equipment Removal Requirements and Inactive Wells) and provided with a written statement of the reasons for the determination and allowed ninety (90) days from the date its P-5 was due to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 and TEX. NAT. RES. CODE §§89.021 - 89.030.
3. After the expiration of ninety (90) days and pursuant to 16 TEX. ADMIN CODE §3.15(g)(4), an authorized Commission employee determined that the Operator's Organization Report still could not be renewed because the Operator continued to fail to comply with the requirements of 16 TEX. ADMIN. CODE §3.15 (Surface Equipment Removal Requirements and Inactive Wells).
4. The Commission sent the Operator a letter by certified mail giving notice to the Operator of the determination of continued non-compliance regarding specified inactive wells, attached as Exhibit A to this order, and advising the Operator of the right to request a hearing to show compliance. The letter notified the Operator that the hearing request must be received in docket services no later than 30 days after the date of the letter. The letter also notified the Operator that a final order denying renewal of the Operator's Organization Report (Form P-5) would result in the cancellation of all P-4 Certificates of Compliance and the severance of all pipeline or other carrier connections.

5. All notices and letters from the Commission to the Operator on this matter were addressed and mailed to the Operator's most recently reported address on the Form P-5 Organization Report.
6. The Operator did not timely request a hearing and pay the hearing fee on these issues as required under 16 TEX. ADMIN. CODE §3.15(g)(4) (Surface Equipment Removal Requirements and Inactive Wells).
7. Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) is a Commission rule that relates to safety or the prevention or control of pollution.

### **CONCLUSIONS OF LAW**

1. The Operator received proper notice and an opportunity for hearing regarding compliance with 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this matter have been performed or have occurred.
3. The Operator is in violation of Commission Statewide Rule 15 and did not timely request a hearing to contest the determination that it was in violation.
4. The Operator's P-5 Organization Report should not be renewed and all of the Operator's P-4 Certificates of Compliance should be cancelled, with all related pipeline or other carrier connections severed. 16 Tex. Admin. Code §3.15 (g)(4) and Tex. Nat. Res. Code §§89.022(f), 91.704 - 91.706.
5. The Operator's P-5 Organization Report cannot be renewed until the operator brings the inactive wells shown on the attached Exhibit A into compliance with the requirements of 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.

**IT IS ORDERED** that renewal of Milestone Operating, Inc.'s P-5 Organization Report is hereby **DENIED**.

**It is further ORDERED** that all P-4 Certificates of Compliance issued to Milestone Operating, Inc. as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

**It is further ORDERED** that Milestone Operating, Inc. shall bring the wells on Exhibit A into compliance with Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) and that the Operator's P-5 Organization Report shall not be renewed until the wells on Exhibit A have been brought into compliance as required by this order.

**It is further ORDERED** that Milestone Operating, Inc. and each person who held a position of ownership or control in the Operator at the time the Operator's most-recent P-5 Organization Report was filed shall be subject to the terms of TEX. NAT. RES. CODE §91.114.

**It is further ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T. CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

All requested Findings of Fact and Conclusions of Law which are not expressly adopted herein are **DENIED**. All pending motions and request for relief not previously granted or granted herein are **DENIED**.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Rule 15 Inactive Well  
Master Order dated August 12, 2014.)

API Number	District	ID Number	Lease Name	Well Number
199 00019	03	23585	ARCO HCSL	3
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
199 00025	03	173258	EAST TEXAS OIL CO. FEE -B-	3
No approved W-3X on file				
199 00572	03	10914	EAST TEXAS OIL CO. FEE -C-	12
No approved W-3X on file				
199 00579	03	25164	EAST TEXAS OIL CO. FEE "C"	19
No approved W-3X on file				
199 00579	03	13163	EAST TEXAS OIL CO FEE -C-	19
No approved W-3X on file				
199 00587	03	07424	EAST TEXAS OIL CO., FEE -C-	27
No approved W-3X on file				
199 00588	03	10909	EAST TEXAS OIL CO. FEE -C-	28
No approved W-3X on file				
199 00589	03	22126	EAST TEXAS OIL CO FEE -C-	29
No approved W-3X on file				
199 00594	03	22126	EAST TEXAS OIL CO FEE -C-	34
No approved W-3X on file				
199 00595	03	13163	EAST TEXAS OIL CO FEE -C-	35
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
199 00596	03	10905	EAST TEXAS OIL CO. FEE -C-	36
No approved W-3X on file				
199 32674	03	234439	ARCO HCSL	5
No approved W-3X on file				
245 01686	03	186166	LOVELLS LAKE FRIO 1 GAS UNIT	37
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
245 01694	03	186133	BROUSSARD TRUST	8
No approved W-3X on file				
245 01699	03	234372	LOVELLS LAKE FRIO 1 GAS UNIT	39
No approved W-3X on file				
245 01701	03	09044	BROUSSARD TRUST	23
No approved W-3X on file				
245 01702	03	187608	BROUSSARD TRUST	34
No approved W-3X on file				
245 01704	03	09044	BROUSSARD TRUST	41
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
245 01707 No approved W-3X on file	03	209755	BROUSSARD TRUST	45
245 01724 No approved W-3X on file	03	09050	BEAUMONT LAUNCH CLUB	2
245 01726 No approved W-3X on file	03	040419	LOVELL LAKE FRIO 1 G.U.	1
245 01740 No approved W-3X on file	03	24844	LOVELL LAKE GAS UNIT NO. 1	6
245 01754 Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	03	210127	JEFFERSON LAND COMPANY	4
245 01768 No approved W-3X on file	03	157556	JEFFERSON LAND CO. A/C 1	18
245 01772 No approved W-3X on file	03	09045	JEFFERSON LAND COMPANY	22
245 01773 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	03	207448	JEFFERSON LAND COMPANY	51
245 01776 No approved W-3X on file	03	189092	JEFFERSON LAND CO.	27
245 01779 No approved W-3X on file	03	072991	LOVELLS LAKE FRIO / GAS UNIT	31
245 01779 No approved W-3X on file	03	152016	JEFFERSON LAND COMPANY	30
245 01780 No approved W-3X on file	03	09043	JEFFERSON LAND CO. A/C #1	31
245 01787 No approved W-3X on file	03	242398	JEFFERSON LAND COMPANY	40
245 01791 No approved W-3X on file	03	218755	JEFFERSON LAND CO.	43
245 01793 No approved W-3X on file	03	190366	JEFFERSON LAND COMPANY	45
245 01800 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	03	25303	B.A.STEINHAGEN "E"	1
245 01807 No approved W-3X on file	03	165898	LOVELL LAKE GAS UNIT 1	8
245 01812 No approved W-3X on file	03	007031	NELSON, R. B., -B-	1

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
245 01818 No approved W-3X on file	03	23193	STEINHAGEN, B. A. "B"	1
245 30013 No approved W-3X on file	03	172180	BROUSSARD TRUST	62
245 31456 No approved W-3X on file	03	25282	JEFFERSON LAND COMPANY	58
245 31699 No approved W-3X on file	03	242866	FAILOR, E.K.	9
245 32339 Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	03	24806	QUAIL UNIT	1
245 32342 Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	03	205166	QUAIL UNIT	2
245 32349 No approved W-3X on file	03	227310	JEFFERSON LAND COMPANY	51R
245 32458 No approved W-3X on file	03	25460	QUAIL UNIT	3
245 32551 No approved W-3X on file	03	244400	JEFFERSON LAND COMPANY	60
245 32608 No approved W-3X on file	03	251262	JEFFERSON LAND COMPANY	63
245 80052 No approved W-3X on file	03	007038	LOVELL LAKE FRIO 1 GU	13
245 80128 No approved W-3X on file	03	039949	LOVELL LAKE FRIO I G.U.	8
245 80191 No approved W-3X on file	03	050285	LOVELL LAKE FRIO 1 GAS UNIT	25
245 81508 No approved W-3X on file	03	23096	NELSON, R.B. -B-	2

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Exhibit A

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 20-0290591**

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**IN RE: P-5 ORGANIZATION REPORT OF PARAGON ENERGY, INC.**

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**FINAL ORDER**

The Commission finds that after notice and an opportunity for hearing regarding the captioned matter, the Operator failed to request a hearing and pay the hearing fee as required by 16 TEX. ADMIN. CODE §3.15(g)(4) and TEX. NAT. RES. CODE §89.022(f). This matter having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. Paragon Energy, Inc. [Operator #639004] (the "Operator"), is the record operator or one or more inactive wells in the State of Texas and is required to file Organization Report (Form P-5) with the Commission. Operator's most recent P-5 was due on or before March 1, 2014.
2. After filing its most recent Organization Report (Form P-5) with the Commission, the Operator was notified they were deficient and had failed to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 (Surface Equipment Removal Requirements and Inactive Wells) and provided with a written statement of the reasons for the determination and allowed ninety (90) days from the date its P-5 was due to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 and TEX. NAT. RES. CODE §§89.021 - 89.030.
3. After the expiration of ninety (90) days and pursuant to 16 TEX. ADMIN CODE §3.15(g)(4), an authorized Commission employee determined that the Operator's Organization Report still could not be renewed because the Operator continued to fail to comply with the requirements of 16 TEX. ADMIN. CODE §3.15 (Surface Equipment Removal Requirements and Inactive Wells).
4. The Commission sent the Operator a letter by certified mail giving notice to the Operator of the determination of continued non-compliance regarding specified inactive wells, attached as Exhibit A to this order, and advising the Operator of the right to request a hearing to show compliance. The letter notified the Operator that the hearing request must be received in docket services no later than 30 days after the date of the letter. The letter also notified the Operator that a final order denying renewal of the Operator's Organization Report (Form P-5) would result in the cancellation of all P-4 Certificates of Compliance and the severance of all pipeline or other carrier connections.

5. All notices and letters from the Commission to the Operator on this matter were addressed and mailed to the Operator's most recently reported address on the Form P-5 Organization Report.
6. The Operator did not timely request a hearing and pay the hearing fee on these issues as required under 16 TEX. ADMIN. CODE §3.15(g)(4) (Surface Equipment Removal Requirements and Inactive Wells).
7. Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) is a Commission rule that relates to safety or the prevention or control of pollution.

### **CONCLUSIONS OF LAW**

1. The Operator received proper notice and an opportunity for hearing regarding compliance with 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this matter have been performed or have occurred.
3. The Operator is in violation of Commission Statewide Rule 15 and did not timely request a hearing to contest the determination that it was in violation.
4. The Operator's P-5 Organization Report should not be renewed and all of the Operator's P-4 Certificates of Compliance should be cancelled, with all related pipeline or other carrier connections severed. 16 Tex. Admin. Code §3.15 (g)(4) and Tex. Nat. Res. Code §§89.022(f), 91.704 - 91.706.
5. The Operator's P-5 Organization Report cannot be renewed until the operator brings the inactive wells shown on the attached Exhibit A into compliance with the requirements of 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.

**IT IS ORDERED** that renewal of Paragon Energy, Inc.'s P-5 Organization Report is hereby **DENIED**.

**It is further ORDERED** that all P-4 Certificates of Compliance issued to Paragon Energy, Inc. as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

**It is further ORDERED** that Paragon Energy, Inc. shall bring the wells on Exhibit A into compliance with Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) and that the Operator's P-5 Organization Report shall not be renewed until the wells on Exhibit A have been brought into compliance as required by this order.

**It is further ORDERED** that Paragon Energy, Inc. and each person who held a position of ownership or control in the Operator at the time the Operator's most-recent P-5 Organization Report was filed shall be subject to the terms of TEX. NAT. RES. CODE §91.114.



**It is further ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T. CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

All requested Findings of Fact and Conclusions of Law which are not expressly adopted herein are **DENIED**. All pending motions and request for relief not previously granted or granted herein are **DENIED**.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Rule 15 Inactive Well  
Master Order dated August 12, 2014.)

API Number	District	ID Number	Lease Name	Well Number
339 30921	03	23253	HOKE, E.C.	1H
No approved W-3X on file				

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Exhibit A